

Message Text

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ACTION EA-12

INFO OCT-01 AF-10 ARA-10 EUR-12 NEA-11 IO-13 ISO-00
SOE-02 AID-05 CEA-01 CIAE-00 DODE-00 EB-08 DOE-15
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FM AMCONSUL MELBOURNE
TO SECSTATE WASHDC 4453
INFO AMEMBASSY CANBERRA
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AMCONSUL PERTH
AMCONSUL BRISBANE
AMEMBASSY BONN
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AMEMBASSY TOKYO
AMEMBASSY PRETORIA

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TAGS EMIN, ENGR, AS, BENC/BEXP

SUBJ: ENERGY: VICTORIA STATE GOVT'S PROJECT TO CONVERT BROWN
COAL TO OIL MAY PROVIDE OPPORTUNITIES FOR U.S. BUSINESS

REF 77 CANBERRA A-154

BEGIN UNCLASSIFIED

1. SUMMARY: PROCLAIMING A "NEW ERA" IN DEVELOPMENT OF USES OTHER
THAN ELECTRICITY GENERATING FOR VICTORIA'S IMMENSE BROWN COAL
RESERVES, STATE PREMIER R. J. HAMER ANNOUNCED JUNE 3 HIS GOVT
WILL INTRODUCE LEGISLATION TO CREATE VICTORIAN BROWN COAL
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DEVELOPMENT COUNCIL AT SEPT SESSION OF STATE PARLIAMENT.
COUNCIL WILL BE MORE "FORMAL" ARRANGEMENT THAN EXISTING VICTORIAN
BROWN COAL R & D COMMITTEE (VBCRDC) AND, AS SEPARATE STATUTORY
AUTHORITY, WILL HAVE OWN BUDGET AND MORE EXPANDED RESEARCH SCOPE.
EXISTING COMMITTEE WILL BE RECONSTITUTED TO ADVISE COUNCIL.
AMONG COUNCIL'S MAJOR RESPONSIBILITIES WILL BE STATE'S
ADMINISTRATION OF A JOINT COAL-TO-OIL FEASIBILITY STUDY

CONTRACT WHICH IS DUE TO BE SIGNED SHORTLEY, AND CONDUCTED OF ITS OWN RESEARCH. POST BELIEVES THIS DEVELOPMENT ALSO OPENS WAY FOR U.S. FIRMS TO SUPPLY TECHNOLOGY, EQUIPMENT, AND SERVICES TO SUPPORT STATE'S EFFORT TO DEVELOP ECONOMICALLY VIABLE COAL-TO-OIL CONVERSION. END SUMMARY.

2. ON JUNE 3 VBCRDC AND GIPPSLAND INSTITUTE OF ADVANCED EDUCATION SPONSORED SEMINAR IN LATROBE VALLEY (SITE OF 13 PERCENT OF WORLD'S BROWN COAL RESERVES) ON FUTURE USE OF BROWN COAL. POST COMMERICAL OFFICER ATTENDED. STATE PREMIER HAMER WAS KEYNOTE SPEAKER. POST SUBMITTING CONFERENCE PAPERS BY POUCH. FOLLOWING INFO DEVELOPED AT SEMINAR.

3. WHILE TECHNICAL FEASIBILITY OF CONVERSION OF VICTORIA'S BROWN COAL TO OIL WAS DEMONSTRATED IN LATE 1930S, POST-1973 OIL-EMBARGO EVENTS RENEWED INTEREST IN COAL CONVERSION TECHNOLOGY HERE. RECENT PROJECTIONS INDICATE THAT IF NO FURTHER SIGNIFICANT OIL DISCOVERIES ARE MADE IN AUSTRALIA, AND WITHOUT OTHER INITIATIVES, AUSTRALIA COULD BECOME ALMOST WHOLLY DEPENDENT ON IMPORTED OIL BY 1990S. WITH THIS IN MIND, VICTORIAN GOVT FORMED BROWN COAL RESEARCH AND DEVELOPMENT COMMITTEE IN AUG, 1975 PRINCIPALLY TO MAKE RECOMMENDATIONS ON OPTIMUM MEANS OF CONVERTING STATE'S ENORMOUS DEPOSITS (LARGEST IN WORLD: PROVEN RESERVES OF 66,700 MILLION METRIC TONS) OF LIMITED OFFICIAL USE

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BROWN COAL INTO TRANSPORT FUELS. IN INTERVENING YEARS, COMMITTEE HAS RECEIVED FINANCIAL SUPPORT OF OVER A DOZEN PRIVATE FIRMS AS WELL AS STATE GOVT. IT HAS EMBARKED ON ITS OWN RESEARCH STUDIES AND EVALUATIONS OF A NUMBER OF DIFFERING TECHNOLOGIES AND COMMERICAL PROPOSALS FROM GOVTS, CONSORTIA, AND INDIVIDUAL FIRMS IN U.S., JAPAN, SOUTH AFRICA, FRG, AND GDR.

4. HAMER ALSO ANNOUNCED THAT HE IS HOPEFUL THAT A JOINT A\$3 MILLION COAL-TO-OIL CONVERSION FEASIBILITY STUDY WILL BE SIGNED BY END OF JUNE BETWEEN AUSTRALIAN FEDERAL GOVT, STATES OF VICTORIA, NEW SOUTH WALES AND QUEENSLAND, AND GOVT OF FRG (MINISTRY OF RESEARCH AND TECHNOLOGY) AND CONSORTIUM OF PRIVATE GERMAN FIRMS KNOWN AS INHAUSEN GROUP. (THE FRG IS PAYING ONE-HALF OF THE STUDY COST.) ACTUAL SIGNING DATE FOR THIS FEASIBILITY STUDY HAS OFTEN BEEN DELAYED AND, INDEED, OVER THE PAST 18 MONTHS OR SO, PRESS REPORTS HAVE PREDICTED THE FEASIBILITY STUDY CONTRACT WOULD GO TO MOBIL, THE EAST GERMAN GOVT, OR TO SOUTH AFRICANS. EVEN NOW, ON THE VERGE OF ACTUALLY CONTRACTING FOR THE STUDY, BROWN COAL COMMITTEE CHAIRMAN, DR HOWARD

WORNER POSITIVELY ASSURED REPORTING OFFICER THAT PROPOSALS FOR ADDITIONAL/PARALLEL STUDY CONTRACTS RELATING TO ALL ASPECTS OF CONVERSION TECHNOLOGY WILL BE QUITE WELCOME FROM AMERICAN FIRMS. WE WILL REPORT SPECIFIC COMMERCIAL OPPORTUNITIES AS THEY ARE IDENTIFIED; MEANWHILE, INTERESTED U.S. FIRMS SHOULD WRITE DIRECTLY TO DR HOWARD WORNER, CHAIRMAN, VBCRDC, C/O VICTOTIAN DEPT OF MINERALS AND ENERGY, 151 FLINDERS STREET, MELBOURNE, VICTORIA, 3000, AUSTRALIA. END UNCLASSIFIED.

5. BEGIN LIMITED OFFICIAL USE: WE HAVE LEARNED FROM RELIABLE SOURCES THAT ONE (PERHAPS ONLY) REASON FOR DELAY IN SIGNING OF FEASIBILITY CONTRACT FOR WEST GERMAN STUDY WAS SUGGESTION BY GERMANS THAT CONTRACT PROVIDE THAT THEIR FIRMS SHOULD BE LIMITED OFFICIAL USE

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FAVORED IN FUTURE EQUIPMENT PROCUREMENT DECISIONS AFTER CONCLUSION FEASIBILITY STUDY. AS STATED ABOVE, WORNER ASSURED US NO RPT NO COUNTRY OR FIRM HAS "INSIDE TRACT" ON EQUIPMENT PROCUREMENT AND THAT AUSTRALIAN SIDE HAS BEEN PUSHING FOR ELIMINATION OF THIS SECTION OF CONTRACT.

6. OTHERS INVOLVED IN VICTORIAN ENERGY MATTERS HAVE ALREADY STRESSED THE OPENNESS OF THE COMMITTEE'S WORK AND THAT THEY ARE READY TO EVALUATE ANY SERIOUS PROPOSALS. END LIMITED OFFICIAL USE.
POPPL

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